

MOR-1

CASE NAME: Texas Standard Oil Company
CASE NUMBER: 08-34031-H4-11
PROPOSED PLAN DATE: _____

UNITED STATES BANKRUPTCY COURT

PETITION DATE: 6/26/2008 0:00
DISTRICT OF TEXAS: Southern
DIVISION: Region 7

MONTHLY OPERATING REPORT SUMMARY FOR MONTH OCT YEAR 2008

MONTH	Jul-08	Aug-08	30-Sep	31-Oct	OCT	YEAR 2008
REVENUES (MOR-6)	34,096.85	14,836.81	15,130.21	9,227.18	0.00	0.00
INCOME BEFORE INT. DEPRBC-TAX (MOR-6)	-143,018.46	-410,533.26	-52,269.07	339,626.03	0.00	0.00
NET INCOME (LOSS) (MOR-6)	-144,518.93	-411,533.73	-52,744.28	346,495.03	0.00	0.00
PAYMENTS TO INSIDERS (MOR-9)	0.00	0.00	0.00	0.00	0.00	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DISBURSEMENTS (MOR-8)	7,340.51	93,393.34	11,392.36	18,043.95	0.00	0.00

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE **	EXP. DATE
CASUALTY	YES () NO (X)
LIABILITY	YES () NO (X)
VEHICLE	YES () NO (X)
WORKERS	YES () NO (X)
OTHER	YES () NO (X)

Are all accounts receivable being collected within terms? ☐ Yes ☐ No
Are all post-petition liabilities, including taxes, being paid within terms? ☐ Yes ☐ No
Have any pre-petition liabilities been paid? ☐ Yes ☐ No
If so, describe _____
Are all funds received being deposited into DIP bank accounts? ☐ Yes ☐ No
Were any assets disposed of outside the normal course of business? ☐ Yes ☐ No
If so, describe _____
Are all U.S. Trustee Quarterly Fee Payments current? ☐ Yes ☐ No
What is the status of your Plan of Reorganization? Debtor plans to file a plan of reorganization in Nov. 2008 ☐ Yes ☐ No

ATTORNEY NAME: Heather McIntyreFIRM NAME: HughesWatersAskamaseADDRESS: 551 Clay, 29th FloorCITY, STATE, ZIP: Houston, TX 77002TELEPHONE/FAX: 713-338-2830 / 713-759-6834

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I certify under penalty of perjury that the following complete
Monthly Operating Report (MOR), consisting of MOR-1 through
MOR-9 plus attachments, is true and correct.

SIGNED X Pat Johnson TITLE: Accountant
(OFFICIAL SIGNATURE)

(PRINT NAME OF SIGNATORY)
Pat Johnson

DATE 11/20/08
Revised 07/01/98

* Except for expense reimbursement (approximately \$2,600) from MOSH Holding, LP which is expected to be paid at year-end.
** It is not customary in debtor's business of oil & gas exploration for debtor to carry insurance. Based on information and belief,
operators of leases in which debtor has of and gas interests carry insurance covering the debtor's interest.

CASE NAME: Texas Standard Oil Company
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COMPARATIVE BALANCE SHEETS

ASSETS	FILING DATE*	MONTH Jul-08	MONTH Aug-08	MONTH Sep-08	MONTH Oct-08	MONTH Nov-08	MONTH Dec-08
CURRENT ASSETS	06/26/08						
Cash	37,874.01	62,869.92	35,400.73	27,429.57	34,678.30		
Accounts Receivable, Net	549,835.14	551,714.72	551,718.71	564,875.11	554,581.01		
Inventory: Lower of Cost or Market							
Prepaid Expenses							
Investments							
Other							
TOTAL CURRENT ASSETS	587,709.15	614,584.64	587,119.44	592,304.68	589,259.31	0.00	0.00
PROPERTY, PLANT & EQUIP. @ COST **	132,336.83	132,336.83	217,536.83	219,118.83	74,804.21		
Less Accumulated Depreciation	69,099.56	70,799.86	72,500.16	74,200.46	71,048.61		
NET BOOK VALUE OF PP & E	63,237.27	61,536.97	145,036.67	144,918.37	3,755.60	0.00	0.00
OTHER ASSETS							
1. Tax Deposits							
2. Capitalized Office Lease Improvements BY	40,208.40	40,107.40	40,006.40	39,905.40	39,804.40		
3. Electric Deposit							
4. Rent Deposit	4,478.73	4,478.73	4,478.73	4,478.73	4,478.73		
TOTAL ASSETS	\$695,633.55	\$720,707.74	\$776,641.24	\$781,607.18	\$637,298.04	\$0.00	\$0.00

* Per Schedules and Statement of Affairs as amended

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Revised 07/01/08

** PP&E figures do not include drilling costs as these costs are expensed and therefore not shown on the Balance Sheet.
PP&E figures include costs for Undeveloped Leasehold, capitalized Geological & Geophysical (seismic) and Lease & Well Equipment.

Oct-08: During this month, debtor wrote off \$85,200 drilling costs and \$16,249.83 leasehold costs for Thumbs Up Prospect due to fact that BP America #1 well was determined to be non-producing.

These amounts went to Dry Hole Costs and were thus removed from PP&E.

Oct-08: During this month, debtor wrote off \$42,864.99 leasehold costs for Overpass Prospect to Dry Hole Costs (and thus removed from PP&E) based on information and belief that this is not a viable prospect.

CASE NAME: Texas Standard Oil Company
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COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILED DATE*	MONTH Jul-08	MONTH Aug-08	MONTH Sep-08	MONTH Oct-08	MONTH Nov-08	MONTH Dec-08
LIABILITIES	6/26/2008 0:00						
POST-PETITION LIABILITIES (MOR-4)		169,602.45	586,968.88	644,779.88	153,975.71	0.00	0.00
PRE-PETITION LIABILITIES							
Notes Payable - Secured	0.00	0.00					
Priority Debt	21,900.00	21,900.00	21,900.00	21,900.00	21,900.00		
Federal Income Tax	0.00	0.00					
FICA/Withholding	0.00	0.00					
Unsecured Debt *	1,346,966.55	1,346,957.22	1,346,957.22	1,346,957.22	1,346,957.22		
Other							
TOTAL PRE-PETITION LIABILITIES *	1,368,866.55	1,368,857.22	1,368,857.22	1,368,857.22	1,368,857.22		
TOTAL LIABILITIES	1,368,866.55	1,538,459.67	1,955,826.10	2,013,637.10	1,522,832.93	0.00	0.00
OWNER'S EQUITY (DEFICIT)							
PREFERRED STOCK							
COMMON STOCK							
ADDITIONAL PAID-IN CAPITAL	1,680.67	1,680.67	51,680.67	51,680.67	51,680.67		
RETAINED EARNINGS: Filing Date	(674,913.67)	(674,913.67)	(674,913.67)	(674,913.67)	(674,913.67)		
RETAINED EARNINGS: Post Filing Date	(144,518.93)	(556,052.66)	(608,796.92)	(262,301.89)	(262,301.89)		
TOTAL OWNER'S EQUITY (NET WORTH)	(673,233.00)	(817,751.93)	(1,179,285.66)	(1,232,029.92)	(885,534.89)	0.00	0.00
LIABILITIES & OWNER'S EQUITY	\$695,633.55	\$720,707.74	\$776,540.44	\$781,607.18	\$637,298.04	\$0.00	\$0.00

* Per Schedules and Statement of Affairs

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Revised 07/01/08

* Judgments are not included in this statement as they are encompassed by Joint Interest Billing Statements which statements are disputed (which amounts are included).

CASE NAME: TEXAS Standard Oil Company
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SCHEDULE OF POST-PETITION LIABILITIES

	MONTH Jul-08	MONTH Aug-08	MONTH Sep-08	MONTH Oct-08	MONTH Nov-08	MONTH Dec-08
TRADE ACCOUNTS PAYABLE **	156,785.95	564,706.14	611,827.85	77,361.26		
TAX PAYABLE						
Federal Payroll Taxes						
State Payroll Taxes						
Ad Valorem Taxes						
Other Taxes						
TOTAL TAXES PAYABLE	0.00	0.00	0.00	0.00	0.00	0.00
SECURED DEBT POST-PETITION						
ACCRUED INTEREST PAYABLE	246.80	493.60	732.44	979.24		
ACCRUED PROFESSIONAL FEES*						
OTHER ACCRUED LIABILITIES						
1. Accountant Professional Fees *				5,213.11		
2. Bankruptcy Counsel Professional Fees *	12,569.70	21,769.14	32,219.59	70,422.10		
3.						
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$169,602.45	\$586,968.88	\$644,779.88	\$153,975.71	\$0.00	\$0.00

*Payment requires Court Approval

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Revised 07/01/98

** Jul-08: This amount includes the \$120,896.96 Jul-08 Mariner JIB and the \$35,124.78 Jun-08 Mariner JIB which are subject to the Lawsuit and Appeal. Debtor believes these amounts are contrary to the judgment currently on appeal. Jul-08 amount differs from Jul-08 amount on prior MORs due to Jun-08 Mariner JIB being received Nov 13, 2008.

Aug-08: This amount includes the \$406,7983.17 Aug-08 Mariner JIB, the \$120,896.96 Jul-08 Mariner JIB and the \$35,124.78 Jun-08 Mariner JIB which are subject to the Lawsuit and Appeal. Debtor believes these amounts are contrary to the judgment.

Sep-08: This amount includes the \$43,895.55 Sep-08 Mariner JIB, the \$408,7963.17 Aug-08 Mariner JIB, the \$120,896.96 Jul-08 Mariner JIB and the 35,124.78 Jun-08 Mariner JIB which are subject to the Lawsuit and Appeal. Debtor believes these amounts are contrary to the judgment.

Oct-08: This amount includes Mariner JIBs from Jun-08 through Oct-08 which are subject to the Lawsuit and Appeal. Debtor believes these amounts are contrary to the judgment. The reduction from Sep-08 to Oct-08 results primarily from Oct-08 Mariner JIB credits of <\$541,285.14>.

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AGING OF POST-PETITION LIABILITIES
MONTH
Oct-08

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM, OTHER TAXES	MONTH
0-30 *	-530,054.10	-530,054.10	0.00	0.00	0.00	
31-60	44,076.11	44,076.11	0.00	0.00	0.00	
61-90	406,984.52	406,984.52	0.00	0.00	0.00	
91+	156,354.73	156,354.73	0.00	0.00	0.00	
TOTAL	\$77,361.26	\$77,361.26	\$0.00	\$0.00	\$0.00	\$0.00

AGING OF ACCOUNTS RECEIVABLE

MONTH	Oct-08					
0-30 DAYS						
31-60 DAYS	5,293.50					
61-90 DAYS						
91+ DAYS	549,287.51					
TOTAL	\$554,581.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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0.00

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* The negative amount results primarily from the negative Oct-08 Mariner JIB in the amount of <\$532,117.22>.

Debtor remains current on all post-petition charges with the exception of JIBs generated by Mariner which are subject to the Lawsuit and Appeal.
Debtor believes the JIBs are contrary to the judgment on appeal.

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STATEMENT OF INCOME (LOSS)

	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO
	Jul-08	Aug-08	Sep-08	Oct-08	MONTH	MONTH	DATE
REVENUES (MOR-I)	34,096.85	14,836.81	15,130.21	9,227.18			73,291.05
TOTAL COST OF REVENUES ***	158,126.11	408,833.58	45,720.52	-387,548.71			225,131.50
GROSS PROFIT	-124,029.26	-393,996.77	-30,590.31	396,775.89	0.00	0.00	-151,840.45
OPERATING EXPENSES:							
Selling & Marketing							
General & Administrative	6,419.50	7,337.05	11,228.31	13,734.24			0.00
Insiders Compensation							38,719.10
Professional Fees	12,569.70	9,199.44	10,450.45	43,415.62			0.00
Other							75,635.21
Other							0.00
TOTAL OPERATING EXPENSES	18,989.20	16,536.49	21,678.76	57,149.86	0.00	0.00	114,354.31
INCOME BEFORE INT. DEPR/TAX (MOR-I)	-143,018.46	-410,533.26	-52,269.07	339,626.03	0.00	0.00	-266,194.76
INTEREST EXPENSE	246.80	246.80	238.84	246.80			979.24
DEPRECIATION	1,801.30	1,801.30	1,801.30	-3,050.85			2,353.05
OTHER (INCOME) EXPENSE*	-547.63	-1,047.63	-1,564.95	-4,064.95			-7,225.16
OTHER ITEMS**							0.00
TOTAL INT. DEPR. & OTHER ITEMS	1,500.47	1,000.47	475.19	-6,869.00	0.00	0.00	-3,892.87
NET INCOME BEFORE TAXES	-144,518.93	-411,533.73	-52,744.26	346,495.03	0.00	0.00	-262,301.89
FEDERAL INCOME TAXES							0.00
NET INCOME (LOSS) (MOR-I)	(\$144,518.93)	(\$411,533.73)	(\$52,744.26)	\$346,495.03	\$0.00	\$0.00	(\$262,301.89)

Accrual Accounting Required. Otherwise Footnote with Explanation.

* Footnote Mandatory.

** Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

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* Rent reimbursement

*** \$74,586.24 of the \$225,131.50 "Filing to Date" amount represents Mariner JIB costs for WD 34 and HI A 551/552. These costs are subject to the Forest lawsuit and which debtor believes is contrary to the judgment on appeal.

*** Jul-08: \$156,021.74 of this \$158,126.11 results from Mariner JIB charges.

*** Aug-08: \$406,796.17 of this \$408,833.58 results from Mariner JIB charges.

*** Sep-08: \$43,895.55 of this \$45,720.52 results from Mariner JIB charges.

*** Oct-08: <\$341,285.14> of this <\$387,548.71> results from Mariner JIB in which Mariner reversed Post-Petition charges billed on 06/08, 07/08, 08/08 & 09/08 Joint Interest Billings.

The magnitude of these charges and reversals call into question the validity of all 2008 Mariner Joint Interest Billing statements as a number of these charges appear to be duplicative of charges included in the judgment.

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CASH RECEIPTS AND DISBURSEMENTS	MONTH				MONTH				MONTH	MONTH	MONTH	FILING TO DATE
	Jul-08	Aug-08	Sep-08	Oct-08	Jul-08	Aug-08	Sep-08	Oct-08				
1. CASH-BEGINNING OF MONTH	\$37,816.15	\$62,869.92	\$35,290.73	\$27,329.57								\$37,816.15
RECEIPTS:												
2. CASH SALES	31,846.65	14,766.52	1,883.57	22,897.28								
3. COLLECTION OF ACCOUNTS RECEIVABLE	547.63	1,047.63	1,547.63	2,405.40								71,394.02
4. LOANS & ADVANCES (each list)	0.00											5,548.29
5. SALE OF ASSETS	0.00											0.00
6. OTHER (each list) ***	0.00	50,000.00										0.00
TOTAL RECEIPTS**	32,394.28	65,814.15	3,431.20	25,302.68					0.00	0.00		50,000.00
(Withdrawal) Contribution by Individual Debtor MFR-2*												126,942.31
DISBURSEMENTS:												0.00
7. NET PAYROLL	0.00											0.00
8. PAYROLL TAXES PAID	0.00											0.00
9. SALES, USE & OTHER TAXES PAID	0.00											0.00
10. SECURED/RENTAL/LEASES	4,631.39	5,001.02	7,756.44	6,873.92								0.00
11. UTILITIES & TELEPHONE	279.40	1,244.77	487.53	715.01								24,262.77
12. INSURANCE												2,726.71
13. INVENTORY PURCHASES												0.00
14. VEHICLE EXPENSE												0.00
15. TRAVEL & ENTERTAINMENT	644.51		481.84	611.86								0.00
16. REPAIRS, MAINTENANCE & SUPPLIES	1,460.21	805.77	126.31	1,010.47								1,738.21
17. ADMINISTRATIVE & SELLING		1,141.78	2,540.24	7,207.69								3,402.76
18. OTHER (each list) ***		85,200.00										10,889.71
TOTAL DISBURSEMENTS FROM OPERATIONS	7,015.51	93,393.34	11,392.36	16,418.95					0.00	0.00		85,200.00
19. PROFESSIONAL FEES												128,220.16
20. U.S. TRUSTEE FEES	325.00			1,625.00								0.00
21. OTHER REORGANIZATION EXPENSES (each list)												1,950.00
TOTAL DISBURSEMENTS**	7,340.51	93,393.34	11,392.36	18,043.95					0.00	0.00		0.00
22. NET CASH FLOW	25,053.77	-27,579.19	-7,961.16	7,258.73					0.00	0.00		130,170.16
23. CASH - END OF MONTH (MFR-2)	\$62,869.92	\$35,290.73	\$27,329.57	\$34,588.30					\$0.00	\$0.00		-3,227.85
												\$34,588.30

* Applies to Individual debtors only

**Numbers for the current month should balance (match)

RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

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*** Capital Contributions:

Tim Roberson	24,985
Idylle Roberson	60
Chip Langston	12,150
Lujan Langston	8,100
Charles Sharman	4,895
	50,000

**** Thumbs Up IDC

85,200

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CASH ACCOUNT RECONCILIATION

MONTH OF Oct-08

BANK NAME	Encore Bank	#	PAYROLL	Encore Bank	OTHER FUNDS	TOTAL
ACCOUNT NUMBER	#30323489			#30323497		
ACCOUNT TYPE	OPERATING			TAX		
BANK BALANCE	47,435.14			90.00		\$47,525.14
DEPOSITS IN TRANSIT						\$0.00
OUTSTANDING CHECKS	12,846.84					\$12,846.84
ADJUSTED BANK BALANCE	\$34,588.30		\$0.00	\$90.00	\$0.00	\$34,678.30
BEGINNING CASH - PER BOOKS	27,329.57			100.00		\$27,429.57
RECEIPTS*	25,302.68					\$25,302.68
TRANSFERS BETWEEN ACCOUNTS (WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2						\$0.00
CHECKS/OTHER DISBURSEMENTS*	18,043.95			10.00		\$0.00
ENDING CASH - PER BOOKS	\$34,588.30		\$0.00	\$90.00	\$0.00	\$18,053.95
						\$34,678.30

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*Numbers should balance (match) TOTAL RECEIPTS and
TOTAL DISBURSEMENTS lines on MOR-7

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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

INSIDERS: NAME/COMP TYPE	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	Jul-08	Aug-08	Sep-08	Oct-08		
1.	0.00	0.00	0.00	0.00		
2.						
3.						
4.						
5.						
6.						
TOTAL INSIDERS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

PROFESSIONALS	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
1.	0.00	0.00	0.00	0.00		
2.						
3.						
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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